

## CHAPTER 1012

### IOWA FINANCE AUTHORITY — TITLE GUARANTY PROGRAM AND PRIVATE ACTIVITY BONDS

S.F. 2206

**AN ACT** concerning the Iowa finance authority in regard to the title guaranty program and private activity bonds.

*Be It Enacted by the General Assembly of the State of Iowa:*

#### DIVISION I TITLE GUARANTY

Section 1. Section 16.1, subsection 1, paragraph af, subparagraph (7), Code 2014, is amended to read as follows:

(7) The Iowa title guaranty program.

Sec. 2. Section 16.2A, subsection 1, Code 2014, is amended to read as follows:

1. A title guaranty division is created within the authority. The division may also be referred to as Iowa title guaranty. The powers of the division relating to the issuance of title guaranties are vested in and shall be exercised by a division board of five members appointed by the governor subject to confirmation by the senate. The membership of the board shall include an attorney, an abstractor, a real estate broker, a representative of a mortgage lender, and a representative of the housing development industry. The executive director of the authority shall appoint an attorney as director of the title guaranty division, who shall serve as an ex officio member of the board. The appointment of and compensation for the division director are exempt from the merit system provisions of chapter 8A, subchapter IV.

Sec. 3. Section 16.91, subsections 1, 3, and 4, Code 2014, are amended to read as follows:

1. The authority through the title guaranty division shall initiate and operate a program in which the division shall offer guaranties of real property titles in this state. The terms, conditions, and form of the guaranty contract shall be forms approved by the division board. The division shall fix a charge for the guaranty in an amount sufficient to permit the program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims under the Iowa title guaranty program. A title guaranty fund is created in the office of the treasurer of state. Funds collected under this program shall be placed in the title guaranty fund and are available to pay all claims, necessary reserves and all administrative costs of the Iowa title guaranty program. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be deposited in the housing trust fund established in section 16.181 and shall not accrue to the general fund. If the authority board in consultation with the division board determines that there are surplus funds in the title guaranty fund after providing for adequate reserves and operating expenses of the division, the surplus funds shall be transferred to the housing assistance fund created pursuant to section 16.40.

3. With the approval of the authority board the division and its board shall consult with the insurance division of the department of commerce in developing a guaranty contract acceptable to the secondary market and developing any other feature of the program with which the insurance division may have special expertise. The insurance division shall establish the amount for a loss reserve fund. Except as provided in this subsection, the Iowa title guaranty program is not subject to the jurisdiction of or regulation by the insurance division or the commissioner of insurance.

4. Each participating attorney and abstractor may be required to pay an annual participation fee to be eligible to participate in the Iowa title guaranty program. The fee, if any, shall be set by the division, subject to the approval of the authority.

Sec. 4. Section 16.91, subsection 5, paragraph a, subparagraph (2), Code 2014, is amended to read as follows:

(2) Additionally, each participating abstractor is required to own or lease, and maintain and use in the preparation of abstracts, an up-to-date abstract title plant including tract indices for real estate for each county in which abstracts are prepared for real property titles guaranteed by the division. The tract indices shall contain a reference to all instruments affecting the real estate which are recorded in the office of the county recorder, and shall commence not less than forty years prior to the date the abstractor commences participation in the Iowa title guaranty program. However, a participating attorney providing abstract services continuously from November 12, 1986, to the date of application, either personally or through persons under the attorney's supervision and control is exempt from the requirements of this subparagraph.

Sec. 5. Section 16.91, subsection 8, Code 2014, is amended to read as follows:

8. The authority shall adopt rules pursuant to chapter 17A that are necessary for the implementation of the Iowa title guaranty program as established by the division and that have been approved by the authority.

Sec. 6. Section 16.92, subsection 1, paragraph i, Code 2014, is amended to read as follows:

i. "*Participating abstractor*" means an abstractor participating in the Iowa title guaranty program.

Sec. 7. Section 447.13, subsection 1, Code 2014, is amended to read as follows:

1. The cost of serving the notice, including the cost of sending certified mail notices, and the cost of publication under section 447.10, if publication is required, shall be added to the amount necessary to redeem. The cost of a record search shall also be added to the amount necessary to redeem. However, if the certificate holder is other than a county, the search must be performed by an abstractor who is an active participant in the Iowa title guaranty program under section 16.91 or by an attorney licensed to practice law in the state of Iowa, and the amount of the cost of the record search that may be added to the amount necessary to redeem shall not exceed three hundred dollars.

## DIVISION II PRIVATE ACTIVITY BOND ALLOCATIONS

Sec. 8. Section 7C.4A, subsection 7, paragraph a, Code 2014, is amended to read as follows:

a. The amount of the state ceiling which is not otherwise allocated under subsections 1 through 5, and after June 30, the amount of the state ceiling reserved under subsection 6 and not allocated, shall be allocated to all bonds requiring an allocation under section 146 of the Internal Revenue Code without priority for any type of bond over another, except as otherwise provided in sections 7C.5 and 7C.11. A single project allocated a portion of the state ceiling pursuant to this subsection shall not receive an allocation in excess of ~~ten~~ fifty million dollars in any calendar year.

Approved March 14, 2014